

-----Original Message-----

From: Gian-Luca Garufi [mailto:Handy@ifchor.ch]
Sent: Wednesday, July 11, 2007 11:03 AM
To: diegog@riceco.com
Subject: APOSTOLOS

Doc-No. 4075593 11/JUL/2007 20:02 h GLG

Doc-No. 4075577

FOLL RCVD CURZON

QUOTE

MV APOSTOLOS II - TRC CP DD 4/4/07

Without prejudice
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We refer this matter. We have, overnight, received a fax message from solicitors purporting to be instructed on your behalf. If they are indeed instructed by you, you shall be aware of the content of their fax.

The withdrawal of the vessel from your service on July 3rd, 2007 could not, we think, have been more clearly stated by us. It has subsequently been re-affirmed on a number of occasions. We cannot,

therefore, understand what possible grounds the solicitors could have for thinking we would somehow regard the vessel as remaining on charter and give them a confirmation of that.

We have indicated why we consider we were entitled to withdraw the vessel from your service, namely Cl.5 failures. If you maintain a strong belief that owners were wrong on the point, or somehow failed to follow a 'correct' procedure for exercising that right, then there is clearly a point in issue between us and you will be able to express your point of view in settlement discussions between us or in submissions to an arbitrator. But you must surely be aware that we are not proceeding in the absence of legal advice and the we are confident of our position.

We are now liaising with the vessel's owners and cargo interests for the completion of the currently contracted cargo voyage.

The solicitors have made a reservation of your position to treat the owner's position as repudiatory and 'to take immediate legal action against (us) without further notice or warning.' We would mention in passing our surprise that they assert such detailed requirements for a notice of withdrawal but apparently would not measure with the same measure notice for resolving issues in dispute between the parties.

Beyond that, we would have thought an assertion against us of 'repudiatory breach of the charter' is otiose. As to prospective legal action, if you feel you have suffered damages from the withdrawal of the vessel and you wish to assert a claim in respect of the same that will presumably be dealt with by agreement between us in correspondence, in settlement discussions or, in the absence of mutual agreement between us, in arbitration. We do not believe you can reasonably be concerned as to the settlement of any agreement or award, but if this indeed proved to be an issue then we would be content to discuss first of all the grounds for any concern and if necessary the provision of reasonable security for any reasonably estimated claim you consider you may have. In the event that your solicitors recommend taking aggressive legal action against any assets in which ESTC has an interest, then you must notify them and any court of our 'in principle' willingness to offer security as above.

In any case we do not see that you can or will suffer significant substantial damages. The position was discussed in without prejudice discussions between the parties ahead of the last weekend. It is open to you to charter-in alternative substitute tonnage, the changes in the market are only modest. Indeed, in this regard, we would be content, for the purpose of ensuring a cap on any damages you may sustain, to re-offer to you the vessel at a daily rate of hire of US\$28,500/day, effective immediately, for a period to min March 12th 2008, / max June 12th, 2008 with other terms as per the 04/04/07 charter (and subject to a minor revision of the hire payment details to clarify charterers' payment obligations for the purpose of avoiding a recurrence of the issues which resulted in the withdrawal of the vessel under the 04/04/07 charter, and the previous instances of late payment). In the event that you decline this offer, ESTC reserves the right to refer to it openly as being relevant to the recovery of any damages that the Charterers have threatened to pursue.

In this regard we look forward to hearing from you at your earliest convenience and in any case before 18.00hrs London (BST) July 12th, 2007

REGARDS/ESTC PIRAEUS

UNQUOTE

BRGDS-glg

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